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State and Local Government Market

Patrick Shannon
INPUT Consultant

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State and Local Government Market

Patrick Shannon
INPUT Consultant

Industry Trends

- Increasing budget pressures
- Increasing IS solution demand
- Increasing demand for services from public

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Industry Trends

- Emergence of entrepreneurial managers
- Connectivity/interoperability
- Public data access/dissemination

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Key Issues: IS Department Managers

- Growing user expectations
- Increasing demand for new applications to improve efficiency and reduce costs

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Key Issues: IS Department Managers

- Limited budgets
- Consolidation of mainframes to reduce costs
- Connectivity

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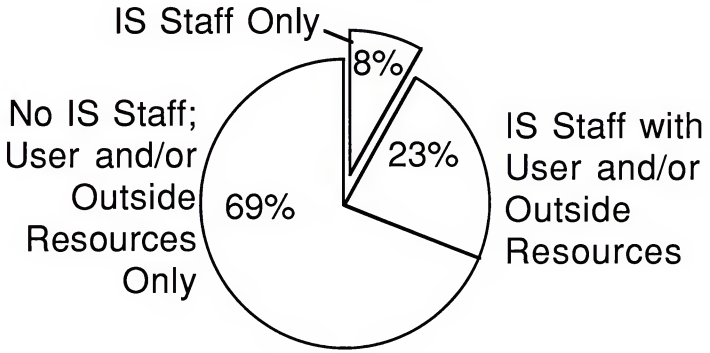
Resources for New IS Projects



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Key Issues Information Systems Users

- Support of new desktop applications
- Connectivity
- Legislative Mandate

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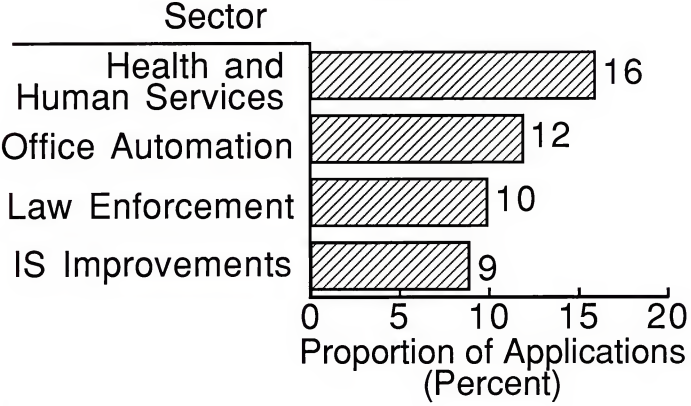
Planned Applications



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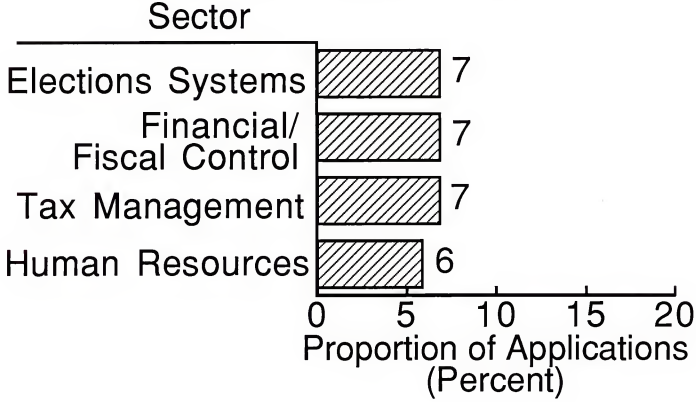
Planned Applications



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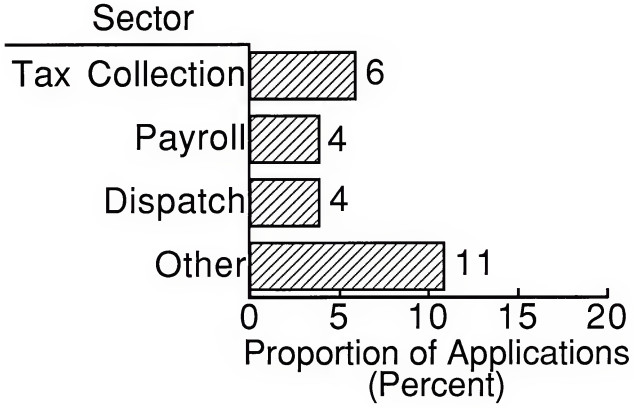
Planned Applications



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Plans to Acquire New Technology

- Document imaging
- Office automation
- Local and wide area networks
- Client/server systems
- Mobile digital terminals
- Geographic information systems

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Major IS Issues

- Budgetary constraints
- Increasing demands from users and public
- Improving worker productivity
- Connectivity and interoperability
- Shortage of IS personnel

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Driving Forces

- Growing expectations
- Reduced funding
- Antiquated systems
- Increasing complexity
- Productivity and backlogs
- Integration of technology and systems
- Requirements mandated by law

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Key Factors Affecting IS Budgets

- Revenues/funding
- Cost of new technology
- Personnel costs
- Management understanding
- Management commitment

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Information Systems Management Objectives

- Updating and expanding existing systems
- Connectivity/interoperability
- Train end-users
- Improve standardization
- Reduce operating costs

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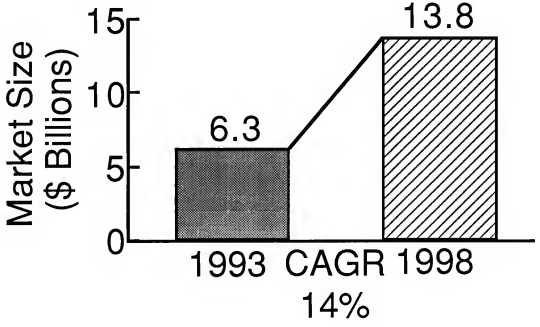
State and Local Government Expenditures by Government Function

Government Function	Government Expenditures 1990 ($ Millions)		
	State	County	City
Highways	44,249	9,415	12,106
Public Welfare	104,971	16,114	7,890
Health and Hospitals	42,665	13,018	9,141
Police Protection	5,166	6,693	18,183
Local Fire Protection	-	-	9,487
Corrections	17,266	6,590	-
Sanitatione and Sewage	-	-	16,476
Housing and Community Development	2,856	-	7,661
Government Administration	15,000	12,512	9,169
Interest on General Debt	22,367	7,976	11,317
Insurance Trust Expenditures	54,452	-	6,669
Education	184,935	18,395	17,368
Other	76,264	20,139	20,751

Source: Statistical Abstract of the United States 1992

State and Local Government Market, 1993-1998



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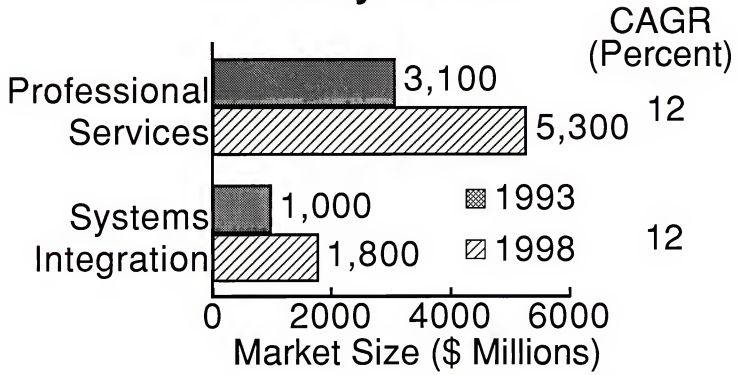
Market Forecast by Delivery Mode



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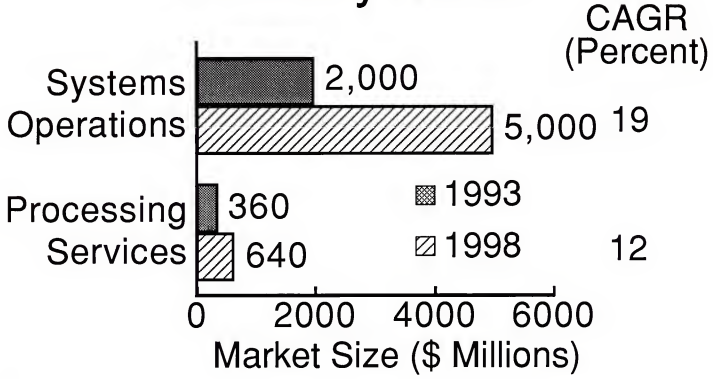
Market Forecast by Delivery Mode



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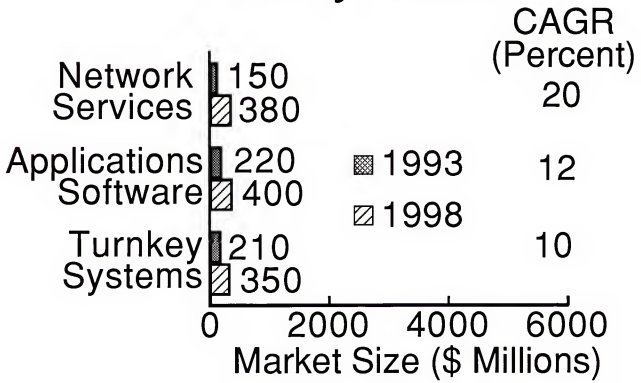
Market Forecast by Delivery Mode



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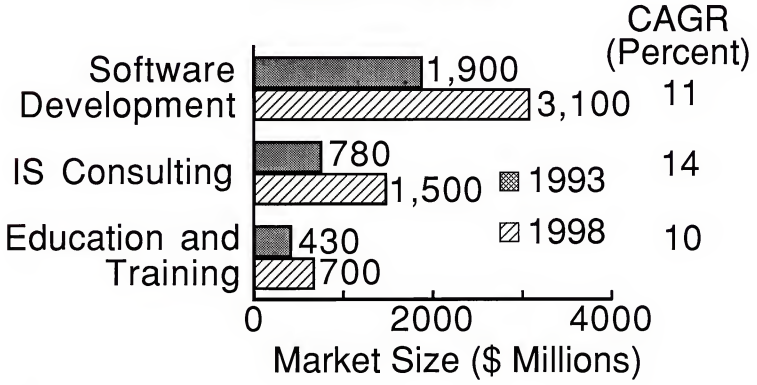
Professional Services Growth 1993-1998



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Driving Forces

- Increasing service demands
- Budget pressures
- Improved affordability
- Legislative mandates

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Inhibiting Factors

- Available funding
- Qualified personnel
- Political impact
- Executive commitment

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Market Tiers

	Small Cities, Towns, & Counties	Large Cities & Counties	States
Local IS vendors sell to	Often	Rarely	Rarely
Niche systems integrators sell to	Often	Often	Rarely
Niche software firms sell to	Often	Often	Rarely
Major systems integrators sell to	Rarely	Often	Often
Large professional services firms sell to	Rarely	Often	Often

Key Opportunities

- Health and Human Services
- Office Automation
- Law Enforcement
- Elections Systems
- Financial/Fiscal Control

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Key Opportunities

- Tax Management
- Human Resources
- Tax Collection
- Payroll
- Dispatch

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Recommendations

- Increase awareness of market needs
- Use consulting approach
- Extend and update existing systems
- Replicate applications
- Find and support the entrepreneur

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PATRICK SHANNON
PRESIDENT
OAK HILL ASSOCIATES

PROFILE

Patrick Shannon is President of Oak Hill Associates, a firm that helps information technology firms improve the effectiveness of their sales and marketing functions.

Previously, he was president of two successful software firms, and vice president of sales and marketing with a leading systems integration firm specializing in the state and local government market.

Mr. Shannon is a regular contributor to *The Culpepper Letter* and has served as a speaker for numerous professional meetings and industry groups, including: The American Electronics Association, Comdex, The Culpepper Forum, and The Information Technology Association of America.

He was educated at University of Calgary and completed studies in management at Waterloo University and the University of Minnesota.